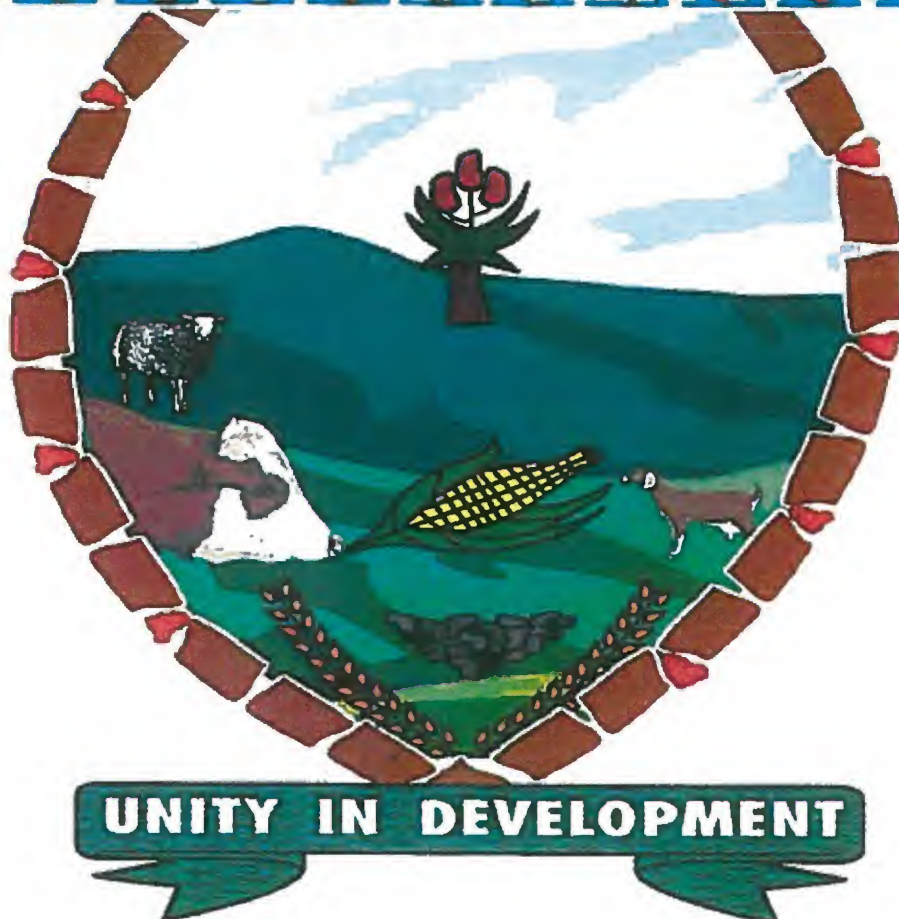


EMALAHLENI MUNICIPALITY



[These financial statements have been audited]

ANNUAL FINANCIAL STATEMENTS

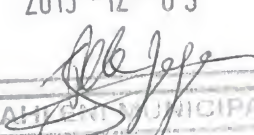
30 JUNE 2015



EMALAHLENI MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R	2014 R
NET ASSETS AND LIABILITIES			
Net Assets		458 386 485	469 543 326
Accumulated Surplus/(Deficit)		458 386 485	469 543 326
Non-Current Liabilities		6 241 283	8 953 829
Long-term Liabilities	2	546 924	234 735
Employee benefits	3	5 694 359	6 599 807
Non-Current Provisions	4	0	2 119 287
Current Liabilities		35 027 146	23 967 753
Current Employee benefits	5	7 097 272	6 129 053
Provisions	4	11 514 635	648 650
Payables from exchange transactions	6	15 803 079	15 077 414
Unspent Conditional Government Grants and Receipts	7	348 701	1 801 337
Current Portion of Long-term Liabilities	2	263 459	311 299
Liabilities associated with Discontinued Operations	51	2 265 864	-
Total Net Assets and Liabilities		501 920 778	502 464 908
ASSETS			
Non-Current Assets		446 104 515	431 968 960
Property, Plant and Equipment	9	439 281 466	422 240 399
Investment Property	10	6 433 761	8 394 358
Capitalised Restoration cost	11	-	951 638
Intangible Assets	12	206 752	258 564
Heritage Assets	13	182 536	124 000
Current Assets		55 816 264	70 495 947
Inventory	14	-	618 865
Receivables from exchange transactions	15	17 964 462	10 402 833
Receivables from non-exchange transactions	16	3 920 135	5 860 616
Unpaid Conditional Government Grants and Receipts	7	-	34 684
Operating Lease Asset	17	77 416	63 222
VAT	8	2 077 851	2 522 476
Cash and Cash Equivalents	18	31 776 400	50 993 250
Total Assets		501 920 779	502 464 908

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 Actual R	2014 Restated R
REVENUE			
Revenue from Non-exchange Transactions		148 389 883	131 289 151
Taxation Revenue		3 719 278	3 218 438
Property rates	19	3 719 278	3 218 438
Transfer Revenue		143 279 952	126 639 577
Government Grants and Subsidies - Capital	20	30 399 227	28 188 256
Government Grants and Subsidies - Operating	20	112 880 725	98 441 321
Other Revenue		1 390 653	1 431 136
Actuarial Gains		926 454	-
Reversal of Impairment		10 341	3 547
Fines		107 783	115 439
Contributed Assets		346 075	1 312 150
Revenue from Exchange Transactions		22 244 529	20 746 538
Service Charges	21	11 179 543	10 742 672
Rental of Facilities and Equipment		720 791	737 342
Interest Earned - external investments	22	3 349 949	3 004 556
Interest Earned - outstanding debtors	22	3 929 602	3 495 172
Licences and Permits		462 097	383 000
Agency Services		65 702	61 196
Other Income	23	2 536 645	2 322 599
Total Revenue		170 634 412	152 035 689
EXPENDITURE			
Employee related costs	24	42 782 608	37 750 857
Remuneration of Councillors	25	10 103 758	9 811 645
Debt Impairment	26	13 567 042	895 628
Depreciation and Amortisation	27	22 066 517	20 359 826
Impairments	10,11,12	9 247 688	11 354 726
Repairs and Maintenance	29	5 083 299	3 502 964
Actuarial losses	3	-	791 293
Finance Charges	28	786 929	689 786
Bulk Purchases	30	14 609 208	12 850 609
Contracted services		5 564 390	4 029 759
Other Operating Grant Expenditure	31	23 060 456	19 330 609
General Expenses	32	33 571 856	24 961 757
Loss on disposal of Property, Plant and Equipment		1 147 498	8 418 708
Total Expenditure		181 791 250	154 748 167
Discontinued Operations	50.2	-	(2 833 350)
NET (DEFICIT) FOR THE YEAR		(11 156 838)	(5 545 828)

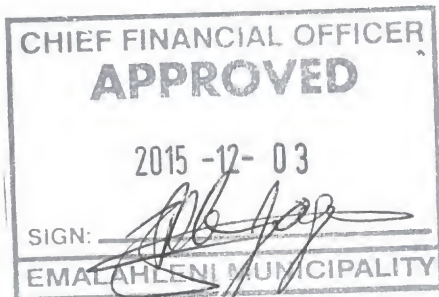
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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surplus/(Deficit)	Total
	R	R
Balance at 1 JULY 2013	475 112 096	475 112 096
Correction of errors	(22 943)	(22 943)
Restated Balance at 1 JULY 2013	475 089 154	475 089 154
Net Deficit for the year	(5 545 828)	(5 545 828)
Balance at 30 JUNE 2014	469 543 326	469 543 326
Net Deficit for the year	(11 156 838)	(11 156 838)
Balance at 30 JUNE 2015	458 386 485	458 386 485



EMALAHLENI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	30 JUNE 2015 R	30 JUNE 2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		(410 345)	14 281 594
Government - operating	20	112 880 725	98 441 321
Government - capital	20	28 981 275	22 739 452
Interest		7 279 550	6 499 728
Payments			
Suppliers		(79 574 671)	(58 852 523)
Employees	24	(40 841 931)	(37 764 676)
Councillors	25	(10 103 758)	(9 811 645)
Finance charges	29	(57 785)	(137 297)
Cash generated by operations	34	18 153 050	35 395 953
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(36 827 585)	(36 899 452)
Purchase of Heritage Assets		(58 536)	(124 000)
Purchase of Intangible Assets	12	(70 066)	(77 913)
Net Cash from Investing Activities		(36 956 187)	(37 101 365)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(413 725)	(306 352)
(Decrease)/Increase in Consumer Deposits		-	(110 146)
Net Cash from Financing Activities		(413 725)	(416 499)
NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS		(19 216 851)	(2 121 910)
Cash and Cash Equivalents at the beginning of the year		50 993 250	53 115 160
Cash and Cash Equivalents at the end of the year	35	31 776 400	50 993 250
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(19 216 850)	(2 121 910)



EMALAHLENI MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	
	(Actual)	(Final Budget)	(Variance)	%
ASSETS				
Current assets				
Cash	3 213 389	13 873 897	(10 660 508)	-76.24%
Call investment deposits	28 563 011	20 578 705	7 984 306	38.80%
Consumer debtors	17 064 462	10 736 059	7 227 003	57.37%
Other Receivables	6 075 403	968 337	5 107 066	537.41%
Inventory	-	618 865	(618 865)	-100.00%
Total current assets	55 816 264	46 776 763	9 039 511	
Non current assets				
Investment property	6 433 761	0 394 358	(1 000 507)	-23.36%
Property, plant and equipment	439 209 405	440 052 062	(771 406)	-0.18%
Intangible Assets	206 752	259 554	(51 812)	-25.04%
Heritage Assets	182 536	-	182 536	100.00%
Total non current assets	446 104 515	440 705 964	(2 691 369)	
TOTAL ASSETS	501 920 779	408 482 637	6 438 142	
LIABILITIES				
Current liabilities				
Borrowing	203 459	-	203 459	100.00%
Trade and other payables	16 151 780	9 316 213	6 835 567	73.37%
Provisions and Employee Benefits	18 611 907	6 921 601	11 690 306	158.90%
Total current liabilities	35 027 146	16 237 814	18 789 332	
Non current liabilities				
Borrowing	545 024	545 033	(9)	0.16%
Provisions and Employee Benefits	5 694 350	8 779 642	(3 085 292)	-35.14%
Total non current liabilities	6 241 203	9 325 675	(3 084 392)	
TOTAL LIABILITIES	41 268 429	25 563 489	15 704 940	
NET ASSETS	460 652 350	462 919 148	(9 266 798)	
COMMUNITY WEALTH				
Accumulated Surpluses/(Deficit)	458 386 485	458 919 148	(11 532 663)	-2.45%
TOTAL COMMUNITY WEALTH/EQUITY	458 386 485	458 919 148	-11 532 663	-0

Lease payments budget for under balances and not for the short term portion. Short term portion provided for in statement of Financial Performance in Special adjustment budget increased due to provision for retention on all capital projects and surety.

Tests were budget for Employee benefits provision

More were budget for Employee benefits provision

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line-item with a minimum of R1 million
ASSETS					
Current assets					
Cash	2 395 367	11 478 530	13 873 897	479%	Budget was understated
Call investment deposits	14 000 000	6 570 795	20 570 795	47%	Final Budget was understated
Consumer debtors	13 556 095	(2 020 137)	10 735 959	-21%	Reduced impairment provided in Adjustment budget
Other Receivables	668 337	-	668 337	0%	
Inventory	424 000	194 655	618 655	46%	Inventory were increased due to higher Repair & Maintenance
Total current assets	31 344 700	15 432 053	46 776 753		
Non current assets					
Investment property	25 416 000	(17 022 542)	8 393 458	-67%	Were reduced according previous years AFS
Property, plant and equipment	419 089 515	20 163 447	440 052 962	5%	Additions were not provided for in the budget.
Intangible Assets	255 000	3 564	258 564	1%	
Total non current assets	475 561 415	3 144 469	478 705 884		
TOTAL ASSETS	476 906 115	18 576 532	495 482 637		
LIABILITIES					
Current liabilities					
Trade and other payables	9 316 213	-	9 316 213	0%	
Provisions and Employee Benefits	6 021 601	-	6 021 601	0%	
Total current liabilities	16 237 814	-	16 237 814		
Non current liabilities					
Borrowing	657 020	(110 807)	546 213	-17%	Correction of budget oversight.
Provisions and Employee Benefits	13 683 970	(4 964 328)	8 719 642	-36%	Correction of budget oversight.
Total non current liabilities	14 340 990	(5 075 315)	9 265 675		
TOTAL LIABILITIES	30 578 804	(5 075 315)	25 503 489		
NET ASSETS	446 327 311	23 551 037	469 878 348	5%	Net result off all adjustments made
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	446 327 311	23 551 037	469 878 348	5%	Net result off all adjustments made
TOTAL COMMUNITY WEALTH/EQUITY	446 327 311	23 551 037	469 878 348	0	Net result off all adjustments made

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COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

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ADJUSTMENTS TO APPROVED BUDGET

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	
	(Actual)	(Final Budget)	(Variance)	%
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	(410 345)	55 100 361	(55 518 706)	-101%
Government - operating	112 880 725	111 815 144	1 065 581	1%
Government - capital	28 981 275	30 537 293	(1 556 018)	-5%
Interest	7 279 550	5 643 950	1 635 601	29%
Payments				
Suppliers and Employees	(79 574 671)	(85 962 707)	6 388 036	-7%
Employees	(40 841 931)	(60 798 664)	19 956 733	-33%
Councillors	(10 103 758)	(10 107 410)	3 651	0%
Finance charges	(57 785)	(175 100)	117 315	-07%
Transfers and Grants	-	(21 768 281)	21 768 281	-100%
NET CASH FROM/(USED) OPERATING ACTIVITIES	10 153 060	24 291 586		
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments				
Capital assets	(36 956 107)	(40 525 793)	3 569 686	-9%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(36 956 107)	(40 525 793)		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Repayment of borrowing	(413 725)	(306 352)	(107 373)	35%
NET CASH FROM/(USED) FINANCING ACTIVITIES	(413 725)	(306 352)		
NET INCREASE/(DECREASE) IN CASH HELD	(19 216 854)	(16 540 559)	3 462 234	
Cash and Cash Equivalents at the beginning of the year	50 893 250	50 893 250	(0)	0%
Cash and Cash Equivalents at the end of the year	31 776 400	34 452 691	(2 676 292)	-8%


Explanations for material variances more than 10% of a specific line-item with a minimum of R1 million


Decrease in Service Charges
Grants and Subsidies were utilized in full
Grants and Subsidies were not utilized in full
More interest was received on outstanding debtors during the year
Payments on Suppliers were wrongly budget for
Transfer of Discontinued operations
Interest was more for Employee Benefits Provision
Were utilized under Ratepayers for indigents

Less Capital grants were utilized

New leased assets were purchased

Less Grants were utilized and are invested.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015


ADJUSTMENTS TO APPROVED BUDGET

	2015 R	2015 R	2015 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	%
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	49 875 944	5 232 418	55 108 361	10%
Government - operating	108 177 876	3 637 268	111 815 144	3%
Government - capital	30 370 000	(432 707)	30 537 293	-1%
Interest	7 184 167	(1 540 217)	5 643 950	-21%
Payments				
Suppliers and Employees	(155 044 794)	(1 823 986)	(156 868 780)	1%
Finance charges	(175 100)	0	(175 100)	0%
Transfers and Grants	(17 859 426)	(3 969 855)	(21 769 281)	22%
NET CASH FROM/(USED) OPERATING ACTIVITIES	23 068 666	1 202 920	24 291 586	
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments				
Capital assets	(38 223 000)	(2 302 793)	(40 525 793)	6%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(38 223 000)	(2 302 793)	(40 525 793)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Repayment of borrowing	(194 980)	(111 372)	(306 352)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(194 980)	(111 372)	(306 352)	
NET INCREASE/(DECREASE) IN CASH FLOW	(15 329 314)	(1 211 245)	(16 540 559)	
Cash and Cash Equivalents at the beginning of the year	31 724 581	19 208 069	50 993 250	61%
Cash and Cash Equivalents at the end of the year	16 395 267	18 057 424	34 452 691	110%
				Wrongly budget for according previous years AFS Budget for more cash available at year end

Explanations for material variances more than 10% of a specific line-item with a minimum of R1 million

10% Original Budget were wrongly allocated
3% More Grants for Operating Expenditure
-1% Less Grants for Capital Expenditure
-21% Water and Sanitation were transferred to CHDM
1% Payments on Suppliers were wrongly budget for
0% Increase of Subsidy for Indigents
22%

Capital budget increase

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